

1 **Abstract:**

2 An automatic label inspection system that is relatively inexpensive, flexible and easy
3 to set up. A digital watermark is embedded in a label prior to the printing process.

4 As is conventional in digital watermark technology, the digital watermark is
5 duplicated many times in multiple areas of the image. That is, the images is divided
6 into area and a copy of the watermark is embedded into each area. Conventional
7 digital watermarks often include both a grid and a payload signal. The present
8 invention merely requires use of the watermark grid signal. A label is inspected by
9 reading the watermark grid signal from each area of the image. The strength of the
10 watermark grid signal is used as a measure of the quality of the label.